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SECURITY INFORMATION

25 JUN 53

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OUTLINE: AFTERMATH OF BERLIN RIOTS

I. General - German situation has broad ramifications for the Kremlin.

A. There was apparent miscalculation of the effects of the post-Stalin soft policy.

II. East Germany

A. Situation is tense, but Soviet military has largely restored order.

1. Violence has been confirmed in 7 major cities and reported in 15 others.

2. 20,000 Soviet troops were deployed in Berlin alone.

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B. GDR regime has:

1. Threatened harsh actions against
leaders of riots.

2. Announced palliative economic
measures:

a) Restoration of private shops
to owners.

b) Expansion of consumer goods
production at expense of
heavy industry.

c) Reduction of work norms.

d) Greater social security for
workers.

3. Offered no political concessions.

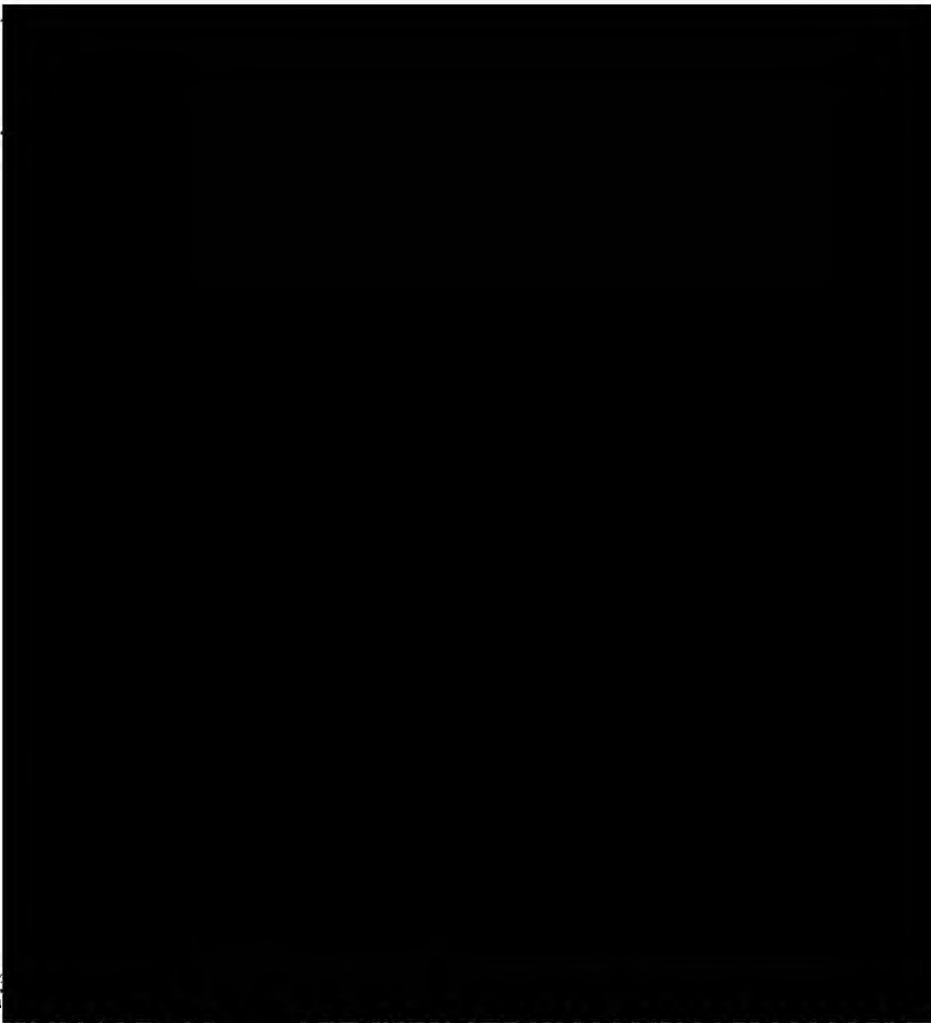
C. These conciliatory measures slow,
but do not terminate socialization.

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1. Labor is still expected to increase production to gain a favorable response to its "just demands."

III.

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B. Government reactions.

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C. Attitudes on future unity moves.

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IV. Eastern Europe

A. Unrest in Eastern Europe is more vigorous than in recent years.

1. Czechoslovakia and Rumania the scenes of significant expressions of unrest.

2. Elsewhere stirrings exist, but with less focus.

a. Attacks on Communist officials

b. Anti-communist leaflets.

c. Peasant and labor non-cooperation.

d. Defections to West.

B. News of East German riots spread throughout Satellites, without accompanying demonstrations.

1. There were expressions of admiration for the Germans in Rumania and Czechoslovakia.

C. Satellite security forces are well set to counter unrest.

1. Nevertheless, spontaneous outbursts and demonstrations can occur.

V. Probable Soviet reactions.

A. Soviet objectives in initiating the liberalization program were:

1. To alleviate internal conditions in East Germany which were running counter to Soviet

2. To fan German unity sentiment.
- B. These objectives remain unaltered despite the riots and the setback to the "peace" campaign.
 1. Consequently, a continuation of conciliatory economic tactics is likely.
- C. The naked display of force has reduced Soviet maneuverability with respect to Germany.
 1. Soviet propaganda position weak.
 2. Reshuffle of GDR Government may be restored to.
- D. USSR faces dilemma.
 1. Continued conciliation in the GDR may foster Satellite resistance.
 2. Failure to conciliate will heighten German discontent and weaken the "peace" offensive.

E. Indications are that the USSR will:

1. Continue liberal economic policies in the GDR, without significant political concessions.
2. Maintain order by force as long as necessary.
3. Make new unity appeals.